

2021-22 City of Smithville Budget Workshop #2



Wednesday, September 8, 2021

City of Smithville Budget Workshop

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Agenda:

- Budget Changes / Action Item Review
- FY21-22 Budget Recap
 - Budget Highlights / Requests
 - Proposed Tax Rate
 - Tax Note
 - ARPA
- Next Steps



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Budget Changes:

- Added **\$2.5k** to Community Services Cost Center (Dept. 155) for the **Smithville Heritage Society**
- Added two (2) additional FTE's for Cemetery Maintenance **(\$87k)**.



Delta = +\$21k

Action Item Review:

- Thirteen (13) Action Items Assigned
- 62% Action Items (8 of 13) have been “CLOSED”
- Remaining Items to be completed on or before 12/31/21.

City of Smithville FY21-22 Budget Workshop #1 - ACTION ITEMS

ITEM	ACTION ITEM ASSIGNED	OWNER	STATUS	COMMENTS
1	Proceed with \$750k Tax Note.	TAMBLE	CLOSED	SAMCO published a tentative schedule and is currently working with Bond Counsel to structure details of the Tax Note. Will require an ordinance for approval during the next regularly scheduled Council meeting on 9/13/21.
2	Add line item to include \$2500 charitable contribution to the Smithville Heritage Society (Cost center 155).	WHITE	CLOSED	Line item added to Community Services (Department 155) budget.
3	Compare price quote of Police and Public Works vehicles with Elgin PD.	REPKA / PAGE	CLOSED	Response provided to the Council and Mayor on 8/26/21. Quote referenced by Councilmember Gerdes did not include "extras". Note: both entities purchase vehicles through HGAC.
4	Address cemetery contractor performance issues. Identify requirements for contract termination as specified in Cemetery Maintenance Agreement.	TAMBLE	CLOSED	Current cemetery maintenance contractor given 30-day written termination notice effective on 9/30/21. The City's plan is to assume responsibility for Mt. Pleasant and Oak Hill cemetery maintenance on 10/1/21. Two (2) full-time equivalent (FTE) are being hired to assume responsibility for cemetery maintenance.
5	Provide Library benchmark data to Council / Mayor.	BERGERON	CLOSED	Benchmark data ("Library by the Numbers") provided to the Council and Mayor on 8/26/21
6	Chief Repka to put quarterly newsletter on the City website	REPKA / LYNCH	CLOSED	1st Quarterly Newsletter will be added to website in the Fall
7	Evaluate Tax Freeze for citizens 65-years and older.	TAMBLE	CLOSED	To set a limitation, or "tax freeze" for those individuals 65-years and older, the council would need to adopt by resolution the limitation of taxes pursuant to Section 11.261 of the Tax Code. The deadline is 7/1/22. So any resolution from today through July 1st would be for 2022. Based on the average home value (and the proposed tax rate of \$0.54901) the preliminary estimate in property tax revenue to the City would be minimal (\$44k).
8	Conduct Market Comparison Analysis for Salaried EE's.	TAMBLE	CLOSED	Survey / Analysis Completed on 9/1/21
9	RESTROOMS @ RIVERBEND PARK	PAGE	OPEN	City restrooms are cleaned daily (M-F). The crew that normally cleans the restrooms at Riverbend Park was re-assigned to the Recycling Center to bail cardboard and backfill for a sick employee. The restroom walls and floors at Riverbend Park will be re-painted by 9/30/21. Conditions (walls, floors, general repairs) at other park facilities will also be evaluated.
10	CHRISTMAS LIGHTS ON MAIN	PAGE	OPEN	Working with local engineer to come up with a safe and compatible design. ECD - 11/19/21
11	UPGRADE MLK PARK SIGN	PAGE	OPEN	The sign at MLK Park was re-painted 2-years ago. However, the design and location for a new sign can be considered with community input. In the interim, the vines growing at the base of the current sign will be removed. ECD - 12/31/21.
12	SUCCESSION PLAN FOR CM	TAMBLE	OPEN	Work in Progress (WIP). ECD - 10/29/21
13	NON-PROFIT DONATION PROCESS	TAMBLE / STRUBE	OPEN	Work in Progress (WIP). ECD - 12/31/21

Smithville Salary Survey / TML Market Comparison

CURRENT:

- 93 Municipalities surveyed.
Population range: 2000-5000.
- Majority of salaried employees working for the City of Smithville fulfill multiple job functions.
- 63% of salaried employees are BELOW the TML average compensation.

TML Salary Comparison By Position - BEFORE 5% Merit Increase						
Position	Current Salary	TML Market Comparison			% Above or Below Average	Comments
		Min	Mid	Max		
City Manager	\$121,160	\$60,655	\$108,921	\$185,000	11.24%	City Manager / Airport Manager / EMC
Finance Director	\$80,600	\$24,852	\$88,481	\$138,000	-8.91%	Finance / Insurance / Benefits
Public Works / Utilities Director	\$114,130	\$21,200	\$87,958	\$127,058	29.76%	Public Works / Utilities / Parks / Code Enfor / Fire Marshall
Library Director	\$60,000	\$21,531	\$43,508	\$60,000	37.91%	Library Director
City Secretary	\$59,800	\$60,150	\$67,920	\$101,987	-11.96%	City Sec / HR / Court Clerk / PIO / Notary
Rec Center Director	\$55,348	\$55,348	\$56,513	\$57,678	-2.06%	Rec Center Director
Chief of Police	\$80,080	\$47,805	\$84,085	\$130,870	-4.76%	Chief of Police / EMC
Eco Dev / Grant Director	\$66,060	\$66,060	\$82,166	\$112,277	-19.60%	Eco Dev / Grant Admin / Community Liaison
Note: 63% of COS salaried employees are paid below the avg. market rate for similar position.						

PROPOSED:

- 75% of salaried employees will be at or ABOVE the TML average compensation AFTER merit action.
- Distribution of merit will help reduce equity gap(s).
- Post merit increase will help align the majority of COS salaried personnel with the TML average.

TML Salary Comparison By Position - AFTER 5% Merit Increase						
Position	Proposed Salary w/ 5% Merit	TML Market Comparison			% Above or Below Average	Comments
		Min	Mid	Max		
City Manager	\$127,218	\$60,655	\$108,921	\$185,000	16.80%	Distribution of merit will help reduce equity gap(s). Percent increase based on overall performance and job scope. Goal is to have salaried employees within +/- 5% of average market comparison unless new to the position.
Finance Director	\$84,630	\$24,852	\$88,481	\$138,000	-4.35%	
Public Works / Utilities Director	\$119,837	\$21,200	\$87,958	\$127,058	36.24%	
Library Director	\$63,000	\$21,531	\$43,508	\$60,000	44.80%	
City Secretary	\$62,790	\$60,150	\$67,920	\$101,987	-7.55%	Spreadsheet uses 5% across the board increase for simplicity.
Rec Center Director	\$58,115	\$55,348	\$56,513	\$57,678	2.84%	
Chief of Police	\$84,084	\$47,805	\$84,085	\$130,870	0.00%	Post merit increase will help align the majority of COS salaried personnel with the TML average.
Eco Dev / Grant Director	\$69,363	\$66,060	\$82,166	\$112,277	-15.58%	
Total	\$669,037					
Delta	\$31,859					

*Actual percent increase will be based on overall performance and job scope. Goal is to have salaried employees within +/- 5% of average market comparison unless new to the position.

65-Year and Older Property Tax Freeze

BACKGROUND

- \$10,000 Over-65 and Disability homestead exemption currently in place.
- Over-65 tax freeze is a freeze on tax dollars....not property value.
- Tax Freeze impacts FUTURE revenue. Difficult to estimate as new properties qualify each year.
- Preliminary analysis indicates estimated loss in property tax revenue of \$45k.



RECOMMENDATION

- Adopt by resolution to freeze taxes for over-65 pursuant to Section 11.261 of Texas Tax Code. Deadline is **July 1, 2022**.

City of Smithville Budget - PRELIMINARY

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Budget
Infographics

Budget Highlights / Requests:

- Request 10.8% increase over FY20/21 budget
- Budget will require **\$1.32M** Transfer from Utility to General Fund.
- Recommend 2021/22 **PROPOSED TAX RATE** \$0.5490 (NO CHANGE FROM 2020).
- Budget will require **\$108k** in “earmarked” funds for grant match + **\$174k** for 4 new FTE’s
- Propose **Equity Adjustment** to bring baseline hourly wage to \$15.00 / hour. (**\$470k**)
- Propose 5% performance based merit for salaried employees. (**\$41k**)
- Request **\$750k Tax Note** for capital equipment (patrol cars, chipper, utility truck)
- Recommend Increasing Permit Fees and Utility **Service Rates**

FY2020/21			
General	Utility	Debt	Total
\$5,008,912	\$6,982,972	\$408,555	\$12,400,439
Delta = >\$1.34M			
FY2021/22			
General	Utility	Debt	Total
\$5,522,767	\$7,703,590	\$516,174	\$13,742,531

Impact to Taxpayer Due to Fee Increase

Description of Fee	Current	Proposed	Estimated Revenue	\$\$\$ Taxpayer Impact / Mo	\$\$\$ Taxpayer Impact / Yr
Water Meter Base Rate	\$16.50	\$18.00	\$101,669	\$1.50	\$18.00
Water / 1000 Gallons	\$3.10	\$3.50		\$4.00	\$48.00
Sewer Base Rate	\$10.50	\$15.00	\$102,471	\$4.50	\$54.00
Sewer / 1000 Gallons	\$3.85	\$4.00		\$6.90	\$82.80
Electric Meter Base Rate	\$5.00	\$10.00	\$206,230	\$5.00	\$60.00
Garbage Rate	\$33.17	\$38.50	\$125,000	\$5.33	\$63.96
		TOTAL	\$535,370	\$27	\$327

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Tax Note For Capital Equipment:



- **TAX NOTE** - A debt instrument that a city may sell to finance the construction of public works, the purchase of capital equipment, or to pay off cash flow deficits.
- Max term is 7 years at fixed interest rate.
- Repaid with property taxes from the I&S portion of debt service.
- Request **\$750k** Tax Note to purchase Capital Equipment.

Police Department			
Qty	Description	Unit Cost	Total
4	2021 Ford SUV AWD - Patrol	\$56,539	\$226,156
3	2021 Ford SUV AWD - Unmarked	\$37,239	\$111,717
N/A	Car / Body Cameras	\$38,011	\$38,011
			\$375,884
Public Works / Utilities			
Qty	Description	Unit Cost	Total
1	Asphalt Zipper	\$189,000	\$189,000
1	Brush / Limb Chipper	\$46,000	\$46,000
2	F250 Utility Trucks	\$47,000	\$94,000
1	Sand-Pro	\$7,000	\$7,000
N/A	Miscellaneous Tools / Equip.	\$38,000	\$38,000
			\$374,000
		Grand Total	\$749,884



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American Rescue Plan Act:

- City of Smithville to receive **\$1,118,752** in funding administered via Texas Department of Emergency Management (TDEM).
- No match requirement. \$559,377 (50%) received 8/19/21.
Eligible expenses include:
 - COVID-19 Expenses – Testing / Equipment
 - Infrastructure – Water / Sewer / Broadband
 - Tourism, Travel, Hospitality
 - Small Business Assistance
- RFP for Grant Management pending.
- Funding tentatively committed to:
 - **Chamber - \$77k** (Workforce Training Center, Tourism, Web)
 - **Police Department - \$250k** (Radio Equipment / Broadband)
 - **City Hall - \$40k** (Council Chambers A/V System)
 - **WWPT Expansion Feasibility Study - \$75-100k**

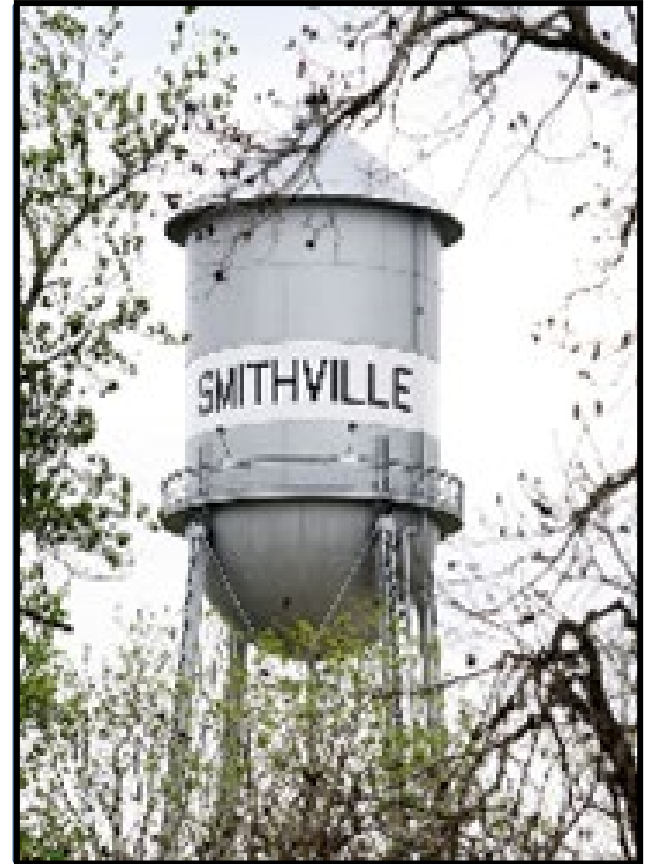


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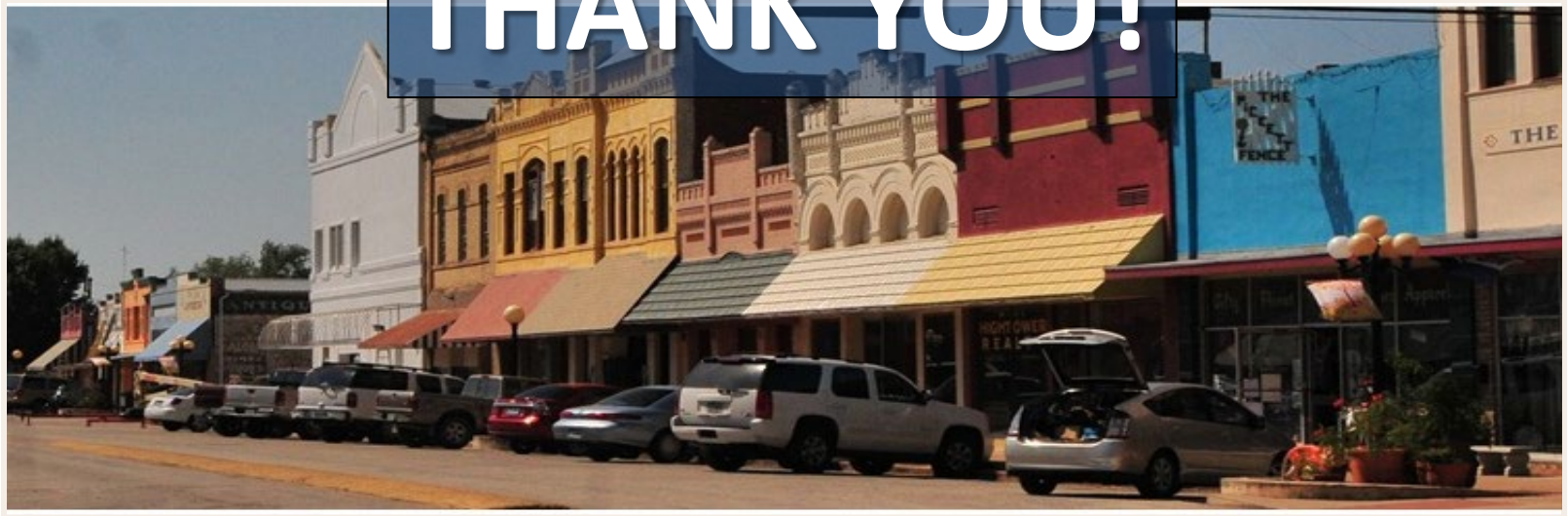
Next Steps:

- **Update** budget as recommended by Council.
- **Adopt** 2021-22 Tax Rate / Budget **(September 13th)**
- **Finalize** 2021-22 Departmental Goals / Objectives.
- **Complete** Performance Appraisal Process. Document / recognize accomplishments. Identify areas for growth and development.





THANK YOU!



Back Up

Average Impact to City of Smithville Taxpayer Due to Proposed Fee Increases

Description of Fee	Current	Proposed	Estimated Revenue	\$\$\$ Taxpayer Impact / Mo	\$\$\$ Taxpayer Impact / Yr	Comments
Water Meter Base Rate	\$16.50	\$18.00	\$101,669	\$1.50	\$18.00	1845 Active Accounts. Based on average homeowner use of 12,000 gallons / month. Date of last increase - 10/1/17
Water / 1000 Gallons	\$3.10	\$3.50		\$4.00	\$48.00	
Sewer Base Rate	\$10.50	\$15.00	\$102,471	\$4.50	\$54.00	1596 Active Accounts. Based on average homeowner use of 6,000 gallons / month. Date of last increase - 10/1/17
Sewer / 1000 Gallons	\$3.85	\$4.00		\$6.90	\$82.80	
Electric Meter Base Rate	\$5.00	\$10.00	\$206,230	\$5.00	\$60.00	2235 Active Accounts (Includes residential and commercial). Date of last increase - 10/1/14
Garbage Rate	\$33.17	\$38.50	\$125,000	\$5.33	\$63.96	1576 Active Accounts. 2x / wk service, 1x / mo. Bulk + leaf / limb. Date of last increase - 10/1/19
TOTAL			\$535,370	\$27	\$327	

Breakdown of Proposed Budget Increase

Item	Percent	Cost
Payroll Increase (Hourly)*	35.02%	\$470,000
Payroll Increase (Salary)	3.05%	\$41,000
Grant Match	8.20%	\$110,000
Garbage Rate Increase	28.31%	\$380,000
Professional Services Increase	3.73%	\$50,000
Misc. Projects	10.51%	\$141,092
Street Paving	11.18%	150,000
TOTAL	100.00%	\$1,342,092

* Includes 28% Burden Rate for Benefits + Estimated OT and Part-Time Labor

Increases in Sales Tax, Property Tax, Hot Tax, Mics. Permits, Tap Fees, Grants, and Utility Usage will bring in **\$750k revenue**.

Breakdown of Proposed Budget Increase

